

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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	:
<b>In re</b>	:
	:
<b>LEHMAN BROTHERS HOLDINGS INC., et al.,</b>	:
	:
<b>Debtors.</b>	:
	:
	:
-----X	

**Chapter 11 Case No.**  
**08-13555 (JMP)**  
**(Jointly Administered)**

**AFFIDAVIT AND DISCLOSURE STATEMENT OF JONATHAN MECHANIC, ESQ.,  
ON BEHALF OF FRIED, FRANK, HARRIS, SHRIVER & JACOBSON LLP**

STATE OF NEW YORK                    )  
  ) ss:  
COUNTY OF NEW YORK                )

Jonathan Mechanic, Esq., being duly sworn, upon his oath, deposes and says:

1. I am a Partner of the law firm Fried, Frank, Harris, Shriver & Jacobson LLP, located at One New York Plaza, New York, New York 10004 (the "Firm").

2. Lehman Brothers Holdings Inc. ("LBHI") and its affiliated debtors in the above-referenced chapter 11 cases, as debtors and debtors in possession (together, the "Debtors" and, collectively with their non-debtor affiliates), have requested that the Firm provide legal services to the Debtors, and the Firm has consented to provide such services. The contemplated Firm chapter 11 engagements would relate to various real estate matters, including matters involving properties, loans or joint venture interests held by LBHI and/or affiliated debtors ("Certain Real Estate Matters").

3. The Firm has performed services in the past and may perform additional services in the future for persons that are parties in interest in the Debtors' chapter 11 cases, however, none of such services relate to the Certain Real Estate Matters (as defined above). In

addition, as part of its customary practice, the Firm is retained in cases, proceedings, and transactions involving many different parties, some of whom are now or will likely become directly adverse to Debtors, or other parties in interest in these chapter 11 cases. However, the Firm, its partners, attorneys who are “of counsel” and “special counsel,” and associates do not perform services for any such person in connection with these chapter 11 cases with respect to the Certain Real Estate Matters described above. As such, these client involvements do not, in our opinion, represent “interest[s] adverse to the debtor or to the estate with respect to the matters on which [the Firm] is to be employed,” and accordingly, the Firm’s engagement should be consistent with section 327(e) of the Bankruptcy Code. Please see Exhibit A to the Firm’s Retention Questionnaire, attached thereto, for a complete list of clients the Firm has represented in the past and/or now represents – in matters related to the Debtors’ chapter 11 cases but unrelated to the Certain Real Estate Matters.

4. Attorneys at Fried Frank may have been employees of professional firms or governmental entities involved in investigations surrounding these chapter 11 cases – in each case in matters wholly unrelated to the Certain Real Estate Matters described above. I do not believe that any such relationships would have any effect on our representation of the Debtors.

5. Neither I, nor any principal of, or professional employed by the Firm has agreed to share or will share any portion of the compensation to be received from the Debtors with any other person other than the principals and regular employees of the Firm.

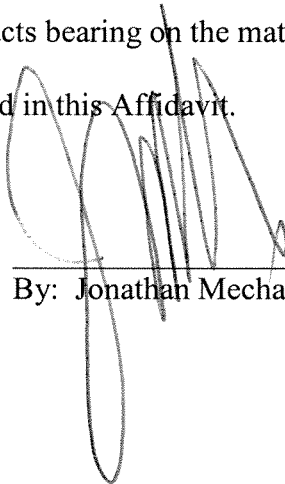
6. Neither I, nor any principal of, or professional employed by the Firm, insofar as I have been able to ascertain, holds or represents any interest adverse to the Debtors or their estates.

7. The Debtors do not owe the Firm any amount for prepetition services.

Fried Frank holds no prepetition claims against any of the Debtors.

8. Attorneys at Fried Frank may have relatives who are members or employees of professional firms involved in these chapter 11 cases, or who are employed by parties in interest in these chapter 11 cases. I do not believe that any such relationships would have any effect on our representation of the Debtors.

9. The Firm is conducting further inquiries regarding its retention by any creditors of the Debtors, and upon conclusion of that inquiry, or at any time during the period of its employment, if the Firm should discover any facts bearing on the matters described herein, the Firm will supplement the information contained in this Affidavit.

  
By: Jonathan Mechanic

Subscribed and sworn to before me  
this 26<sup>th</sup> day of May, 2010

  
\_\_\_\_\_  
Notary Public

MICHELE POLIAS  
Notary Public, State of New York  
No. 01PO4762244  
Qualified in New York County  
My Commission Expires October 31, 2010

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**RETENTION QUESTIONNAIRE**

TO BE COMPLETED BY PROFESSIONALS EMPLOYED BY LEHMAN BROTHERS HOLDINGS INC. OR ANY OF ITS DEBTOR AFFILIATES (collectively, the "Debtors")

DO NOT FILE THIS QUESTIONNAIRE WITH THE COURT.  
RETURN IT FOR FILING BY THE DEBTORS, TO:

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, New York 10153  
Attn: Jennifer Sapp  
Christopher Stauble

All questions **must** be answered. Please use "none," "not applicable," or "N/A," as appropriate. If more space is needed, please complete on a separate page and attach.

1. Name and address of firm:

Fried, Frank, Harris, Shriver & Jacobson LLP  
One New York Plaza  
New York, NY 10004

2. Date of retention: May 13, 2010

3. Type of services provided (accounting, legal, etc.):

Legal representation in connection with various real estate matters, including matters involving properties, loans or joint venture interests held by LBHI and/or affiliated debtors.

4. Brief description of services to be provided:

Negotiation, drafting and reviewing documentation relating to LBHI's and / or its affiliated debtors' real estate interests, including amendments, waivers and modifications.

5. Arrangements for compensation (hourly, contingent, etc.)

Hourly.

(a) Average hourly rate (if applicable): One or more partners would have primary responsibility for supervising the matters, with assistance from senior and junior associates and in consultation with other partners, as we deem appropriate. Associate hourly rates range from \$375 to \$630; partner rates range from \$775 to \$970.

(b) Estimated average monthly compensation based on prepetition retention (if firm was employed prepetition):

Not Applicable.

6. Prepetition claims against the Debtors held by the firm: **None.**

Amount of claim: N/A

Date claim arose: N/A

Source of Claim: N/A

7. Prepetition claims against the Debtors held individually by any member, associate, or professional employee of the firm: To the best of my knowledge, information and belief, no member, associate, or professional employee of Fried Frank holds any prepetition claim against any of the Debtors.

Name: N/A

Status: N/A

Amount of Claim: N/A

Date claim arose: N/A

Source of claim: N/A

8. Stock of the Debtors currently held by the firm: None.

Kind of shares: N/A

No. of shares: N/A

9. Stock of the Debtors currently held individually by any member, associate, or professional employee of the firm:

Name: See Exhibit 2

Status:

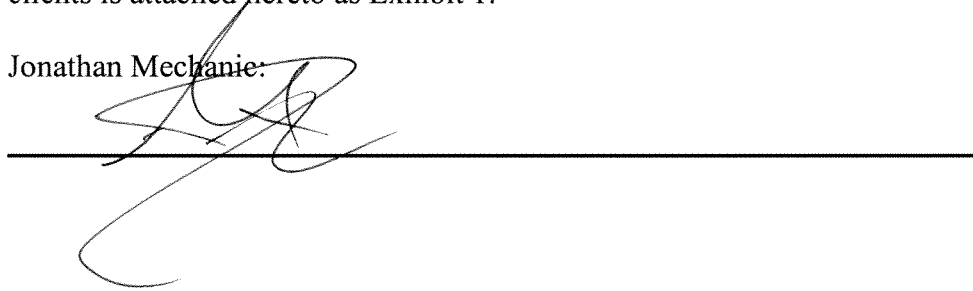
Kind of shares:

No. of shares:

10. Disclose the nature and provide a brief description of any interest adverse to the Debtors or to their estates with respect to the matters on which the above-named firm is to be employed.

The firm represents numerous clients who have or may have claims against or interests adverse to the Debtors. However, none of these representations is in connection with the matters for which Fried, Frank is to be employed as an ordinary course professional. A listing of these clients is attached hereto as Exhibit 1.

11. Jonathan Mechanic:



**Exhibit 1 to Retention Questionnaire**

<b>Fried Frank Client List<sup>1</sup></b>
AP Hotel, LLC
Appaloosa Management, LP
Atlas Capital Group, LLC
The Bank of New York Mellon
Bridger Management, LLC
Bridgewater Associates, Inc.
Broadway Partners Fund Managers, LLC
Brookfield Asset Management
Capital Properties
CIT Group, Inc.
Cooper Standard Automotive, Inc.
EJF Capital LLC
Federal Home Loan Bank - Atlanta
Fidelity Investment Services Ltd.
Fidelity Management & Research Company
Fremont Realty Capital
Goldman Sachs
The Housing Bank for Trade & Finance
Ivy Asset Management, LLC
Merck & Co., Inc.
Millennium Partners
Moise Safra & Co., Inc.
MSCI Limited
Pregis Corporation
Raynaud & Partners
Rosen/Fuchs
Rubinstein Partners
Silver Point Capital, LP
SL Green Realty Corp.
The Related Companies
Tishman Realty & Construction
Tishman Speyer Properties
Tradeweb Markets LLC

<sup>1</sup> The following provides Fried Frank clients who have or may have claims against or interests adverse to the Debtors. None of these representations is in connection with the matters for which Fried Frank is to be employed as an ordinary course professional.

Vornado Realty Trust LP
WSG Development Company



**Exhibit 2 to Retention Questionnaire**

**Although Fried, Frank, Harris, Shriver & Jacobson LLP (the “Firm”) does not regularly keep records of the investments of its lawyers, it polled its lawyers to be able to respond to this question.**

1. David Badain, special counsel of the Firm, owns principal protected notes issued by the Debtors. However, I have been advised that Mr. Badain does not own sufficient notes of Debtor to influence its affairs in any way, and that the value or the ability to dispose of such notes would not be affected in any discernable way by any event in the Debtors’ chapter 11 cases.
2. Franklin Green, of counsel of the Firm, is co-trustee of client trusts that have investments in Lehman Brothers Real Estate Fund, LP, Lehman Brothers Real Estate Fund, II, LP and Lehman Brothers Real Estate Fund III, LP.